

House File 37 - Introduced

HOUSE FILE 37

BY STONE

A BILL FOR

1 An Act relating to the disabled veteran homestead tax credit
2 and including effective date and retroactive applicability
3 provisions.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 425.15, Code 2023, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 1A. *a.* For homestead credits allowed
4 against property taxes due and payable in the fiscal year
5 beginning July 1, 2024, if the owner of a homestead allowed
6 a credit under this subchapter does not meet the criteria
7 of subsection 1 and is any of the following, the amount
8 of the credit allowed on the homestead from the homestead
9 credit fund shall be the greater of the amount of the credit
10 authorized under section 425.1, subsection 2, or an amount
11 equal to a percentage of the entire amount of the tax levied
12 on the homestead that is equivalent to the owner's permanent
13 service-connected disability rating percentage:

14 (1) A veteran as defined in section 35.1 with a permanent
15 service-connected disability rating that is less than one
16 hundred percent but equal to or greater than seventy percent,
17 as certified by the United States department of veterans
18 affairs.

19 (2) A former member of the national guard of any state
20 who otherwise meets the service requirements of section 35.1,
21 subsection 2, paragraph "b", subparagraph (2) or (7), with a
22 permanent service-connected disability rating of less than one
23 hundred percent but equal to or greater than seventy percent,
24 as certified by the United States department of veterans
25 affairs.

26 *b.* For homestead credits allowed against property taxes
27 due and payable in the fiscal year beginning July 1, 2025,
28 if the owner of a homestead allowed a credit under this
29 subchapter does not meet the criteria of subsection 1 and is
30 any of the following, the amount of the credit allowed on the
31 homestead from the homestead credit fund shall be the greater
32 of the amount of the credit authorized under section 425.1,
33 subsection 2, or an amount equal to a percentage of the entire
34 amount of the tax levied on the homestead that is equivalent
35 to the owner's permanent service-connected disability rating

1 percentage:

2 (1) A veteran as defined in section 35.1 with a permanent
3 service-connected disability rating that is less than one
4 hundred percent but equal to or greater than forty percent, as
5 certified by the United States department of veterans affairs.

6 (2) A former member of the national guard of any state
7 who otherwise meets the service requirements of section 35.1,
8 subsection 2, paragraph "b", subparagraph (2) or (7), with a
9 permanent service-connected disability rating of less than one
10 hundred percent but equal to or greater than forty percent, as
11 certified by the United States department of veterans affairs.

12 c. For homestead credits allowed against property taxes due
13 and payable in the fiscal years beginning on or after July 1,
14 2026, if the owner of a homestead allowed a credit under this
15 subchapter does not meet the criteria of subsection 1 and is
16 any of the following, the amount of the credit allowed on the
17 homestead from the homestead credit fund shall be the greater
18 of the amount of the credit authorized under section 425.1,
19 subsection 2, or an amount equal to a percentage of the entire
20 amount of the tax levied on the homestead that is equivalent
21 to the owner's permanent service-connected disability rating
22 percentage:

23 (1) A veteran as defined in section 35.1 with a permanent
24 service-connected disability rating that is less than one
25 hundred percent but equal to or greater than ten percent, as
26 certified by the United States department of veterans affairs.

27 (2) A former member of the national guard of any state
28 who otherwise meets the service requirements of section 35.1,
29 subsection 2, paragraph "b", subparagraph (2) or (7), with a
30 permanent service-connected disability rating of less than one
31 hundred percent but equal to or greater than ten percent, as
32 certified by the United States department of veterans affairs.

33 Sec. 2. Section 425.15, subsection 2, paragraph a, Code
34 2023, is amended to read as follows:

35 a. For an owner described in [subsection 1](#), paragraph "a",

1 "b", or "c", or subsection 1A, the credit allowed shall be
2 continued to the estate of an owner who is deceased or the
3 surviving spouse and any child, as defined in section 234.1,
4 who are the beneficiaries of a deceased owner, so long as the
5 surviving spouse remains unmarried.

6 Sec. 3. Section 425.15, subsection 3, Code 2023, is amended
7 to read as follows:

8 3. An owner or a beneficiary of an owner who elects to
9 secure the credit provided in ~~this section~~ under the conditions
10 described in subsection 1 is not eligible for any other real
11 property tax exemption provided by law for veterans of military
12 service.

13 Sec. 4. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
14 immediate importance, takes effect upon enactment.

15 Sec. 5. RETROACTIVE APPLICABILITY. This Act applies
16 retroactively to homestead credit claims filed on or after
17 January 1, 2023, for credits allowed against property taxes due
18 and payable in fiscal years beginning on or after July 1, 2024.

19 EXPLANATION

20 The inclusion of this explanation does not constitute agreement with
21 the explanation's substance by the members of the general assembly.

22 Current Code section 425.15 provides a homestead credit
23 to the owner of a homestead for the full amount of property
24 tax levied if the owner is any of the following: (1) a
25 veteran of any of the military forces of the United States
26 who acquired the homestead under specified federal programs;
27 (2) a veteran with a permanent service-connected disability
28 rating of 100 percent or a permanent and total disability
29 rating based on individual unemployability that is compensated
30 at the 100 percent disability rate; (3) a former member of
31 the national guard of any state who meets specified service
32 requirements with a permanent service-connected disability
33 rating of 100 percent or a permanent and total disability
34 rating based on individual unemployability that is compensated
35 at the 100 percent disability rate; or (4) an individual who

1 is a surviving spouse or a child and who is receiving federal
2 dependency and indemnity compensation.

3 This bill creates two additional categories of disabled
4 veterans who qualify for a homestead credit under Code section
5 425.15 that are phased in over a period of years based on the
6 individual's permanent service-connected disability rating.
7 Under the bill, if the owner of a homestead does not meet the
8 criteria under current law for a disabled veteran homestead
9 tax credit, the amount of the credit allowed on the homestead
10 is the greater of the amount of the regular homestead credit
11 (an amount equal to the actual levy on the first \$4,850
12 of actual value) or an amount equal to a percentage of the
13 entire amount of the tax levied on the homestead that is
14 equivalent to the owner's service-connected disability rating
15 percentage if the owner is either of the following: (1) a
16 veteran with a permanent service-connected disability rating
17 that is less than 100 percent but equal to or greater than
18 the percentage applicable to the specific year of the phase
19 in; or (2) a former member of the national guard of any state
20 who meets specified service requirements with a permanent
21 service-connected disability rating of less than 100 percent
22 but equal to or greater than the percentage applicable to the
23 specific year of the phase in.

24 The bill takes effect upon enactment and applies
25 retroactively to homestead credit claims filed on or after
26 January 1, 2023, for credits allowed against property taxes due
27 and payable in fiscal years beginning on or after July 1, 2024.